

Message Text

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43

ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 EB-07 PA-02 PRS-01 USIA-15

CIAE-00 INR-07 NSAE-00 RSC-01 /044 W

----- 077401

P 041331Z DEC 74

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC PRIORITY 5971

INFO USDOC WASHDC

AMCONSUL MEDELLIN

AMCONSUL CALI

UNCLAS BOGOTA 10624

EO 11652: NA

TAGS: BEXP, CO

SUBJ: CCP REVIEW - COLOMBIA

REF: STATE 250447

SUMMARY: NEW GOC ECONOMIC PROGRAMS AND A TEMPORARY DECREASE IN RESOURCE AVAILABILITY HAVE HAD A SLIGHTLY NEGATIVE IMPACT ON FULL IMPLEMENTATION OF THE FY-75 COUNTRY COMMERCIAL PROGRAM. NEVERTHELESS, IN SOME INSTANCES FULL YEAR TARGETS HAVE ALREADY BEEN SURPASSED. PROPOSED REVISION OF THE REFINERY AND PETROCHEMICAL PROJECTS CAMPAIGN WILL BE SUBMITTED SEPT. END SUMMARY.

1) PROBLEMS TO IMPLEMENTATION OF THE CCP. THE GOVERNMENT'S ECONOMIC PROGRAM AND THE TEMPORARY DECREASE IN RESOURCES AVAILABLE TO THE EMBASSY HAVE HAD A NEGATIVE IMPACT ON FULL IMPLEMENTATION OF THE CCP.

A) ECONOMIC PROGRAM. THE LOPEZ GOVERNMENT ASSUMED OFFICE ON AUGUST 7 PREPARED TO IMPLEMENT CAMPAIGN PROMISES TO BALANCE THE BUDGET, REDUCE INFLATION, AND IMPROVE THE SOCIAL BENEFITS FOR THE LOWER 50 P/C OF THE POPULATION. IN SEPTEMBER, THE GOVERNMENT DECLARED A 45-DAY PERIOD OF ECONOMIC EMERGENCY DURING WHICH TIME IT ISSUED A SERIES OF DECREES AND RESOLUTIONS

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DESIGNED TO REVISE EXISTING INCOME, INHERITANCE AND SALES TAX

LEGISLATION, RATIONALIZE INTEREST RATES AND REDUCE CREDIT AVAILABILITY, REDUCE CERTAIN EXPORT SUBSIDIES, INCREASE THE MINIMUM WAGE, INCREASE PRICES ON SOME CONTROLLED ITEMS AND ELIMINATE THE SUBSIDY ON IMPORTED WHEAT.

MANY BUSINESSMEN HAVE ADOPTED WAIT AND SEE ATTITUDE IN THE WAKE OF THE NEW ECONOMIC MEASURES. SOME (BUT NOT ALL) INVESTMENT DECISIONS HAVE BEEN POSTPONED, WITH THE CONSTRUCTION INDUSTRY PERHAPS HIT THE HARDEST. THOSE INDUSTRIES THAT DEPENDED HEAVILY ON THE EXPORT TAX CREDIT HAVE HAD TO REEVALUATE THEIR COMPETITIVE POSITION, ALTHOUGH THEY HAVE BEEN ASSISTED IN VARYING DEGREES BY THE PESO. THE SITUATION HAS BEEN FURTHER COMPLICATED BY A SOFTENING IN DEMAND ABROAD FOR SOME OF COLOMBIA'S PRINCIPAL EXPORTS, SUCH AS TEXTILES. A 20 P/C DECREASE IN FOREIGN EXCHANGE RESERVES OVER THE PAST FEW MONTHS MAY LEAD TO RESTRICTIONS ON THE ISSUANCE OF IMPORT LICENSES. MOST OBSERVERS BELIEVE THAT THE REACTIONS TO THE NEW ECONOMIC MEASURES ARE TRANSITORY AND THAT A BASICALLY HEALTHY COLOMBIAN ECONOMY WILL RESUME ITS EXPANSIONARY TREND BY THE END OF THE FIRST QUARTER OF 1975.

B) RESOURCE AVAILABILITY. THE DELAY IN FILLING THE COMMERCIAL ATTACHE SLOT AND THE LENGTHY ABSENCE AND EVENTUAL RESIGNATION OF THE ASSISTANT COMMERCIAL ATTACHE REDUCED CONSIDERABLY THE RESOURCES AVAILABLE TO THE ECONOMIC/COMMERCIAL SECTION DURING THE FIRST FIVE MONTHS OF FY-75. THE SECTION WILL RETURN TO FULL STRENGTH THIS MONTH.

2) PROGRESS IN IMPLEMENTING THE CCP. IN SPITE OF THE PROBLEMS OUTLINED ABOVE, THE MISSION HAS BEEN GENERALLY SUCCESSFUL IN IMPLEMENTATION OF THE CCP. IN SEVERAL INSTANCES, TARGETS HAVE BEEN SURPASSED. HIGHLIGHTS INCLUDE:

A) BOGOTA INTERNATIONAL FAIR - RESULTS OF U. S. PAVILION IN FAIR EXCEEDED EVEN MOST OPTIMISTIC PRELIMINARY ESTIMATES, WITH OFF-FLOOR SALES REACHING \$4 MILLION.

B) ALABAMA IOGA TRADE MISSION-REPRESENTATIVES OF FIVE FIRMS WERE GIVEN FULL SCHEDULE OF APPOINTMENTS AND PLANT VISITS IN BOGOTA AND CALI. IN BOGOTA, DIRECT SALES OF \$181 THOUSAND WERE ACHIEVED WITH ADDITIONAL SALES OVER THE SUBSEQUENT YEAR ESTIMATED AT \$666 THOUSAND.
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RESULTS WOULD HAVE BEEN BETTER IF SEVERAL FIRMS HAD NOT DROPPED OUT OF MISSION, ONE AT THE LAST MINUTE.

C) PRINTING AND GRAPHIC ARTS REVERSE TRADE MISSION 25 REPRESENTATIVES OF THE COLOMBIAN PGA INDUSTRY PARTICIPATED IN EMBASSY ORGANIZED REVERSE TRADE MISSION TO PRINT-74. ONE EMBASSY FSL ACCOMPANIED MISSION AS ESCORT/INTERPRETER. A VERY PRELIMINARY ESTIMATE PLACES SALES (IMMEDIATE AND OVER THE NEXT 3-4 MONTHS) AT CLOSE TO \$500

THOUSAND. EMBASSY PLANS TO USE THE REVERSE TRADE MISSION AS A PROMOTIONAL TOOL MORE FREQUENTLY IN THE FUTURE.

D) TRADE OPPORTUNITY PROGRAM- EMBASSY AND CONSULATES HAVE TOGETHER SUBMITTED CLOSE TO 60 TRADE OPPORTUNITIES THUS FAR, OR 20 MORE THAN TARGET FOR ENTIRE FISCAL YEAR. MOST SUBMISSION ARE ATTRIBUTABLE TO TOP SEMINARS ORGANIZED IN MEDELLIN AND BOGOTA (BOTH WITH FULL ASSISTANCE USIS) AT WHICH TOP FILM WAS USED. A TOP SEMINAR WILL BE HELD IN CALI IN JANUARY. SUBMISSION OF FOREIGN GOVERNMENT TENDERS IS RUNNING AT A RATE WHICH SHOULD EASILY PUT US AHEAD OF THE FY-75 TARGET OF 65.

E) MAJOR PROJECTS-INCREASED ATTENTION HAS BEEN GIVEN TO MAJOR PROJECTS THROUGH EARLY WARNING REPORTS AND THE SUBMISSION OF FGT'S. PARTICULAR EMPHASIS HAS BEEN PLACED ON GOC PLANS FOR HYDROELECTRIC POWER EXPANSION.

F) CAMPAIGNS-THE ACTIVITIES OUTLINED IN (A) THROUGH (E) ABOVE HAVE BEEN IN DIRECT SUPPORT OF THE CAMPAIGNS. MAJOR ATTENTION HAS BEEN GIVEN TO THE FOLLOWING CAMPAIGNS:

ENERGY SYSTEMS (EARLY WARNINGS, FREQUENT CONTACT WITH ICEL AND ISA, SUBMISSION OF FGT'S); REFINERY AND PETROCHEMICAL PROJECTS(FREQUENT CONTACT WITH ECOPETROL AND US COMPANIES, REPORTING AS APPROPRIATE); GENERAL INDUSTRIAL EQUIPMENT (BOGOTA INTERNATIONAL FAIR, PREPARATIONS FOR SEPI-75, TRADE OPPORTUNITY SEMINARS); AGRICULTURAL, AND FOOD PROCESSING AND PACKAGING EQUIPMENT (ALABAMA IOGA, LICENSING OPPORTUNITY SURVEY FOR SHUTTLEWORTH INC., PREPARATIONS FOR USDOC TRADE MISSION IN FEBRUARY 1975, PARTICIPATION IN BOGOTA FAIR AND PREPARATIONS FOR SEPI); PRINTING AND GRAPHIC ARTS EQUIPMENT (REVERSE TRADE MISSION, BOGOTA FAIR AND SEPI). SOMEWHAT LESS ATTENTION HAS BEEN GIVEN TO THE FOLLOWING CAMPAIGNS: TELECOMMUNICATIONS SYSTEMS (TELECOMMUNI-

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CATIONS STUDY, FGT REPORTING, CONTACT WITH US ADVISORS TO TELECOM); HOSPITAL AND HEALTH CARE EQUIPMENT (SEPI AND FGT'S); AND AUTOMOTIVE DIAGNOSTIC AND REPAIR EQUIPMENT (BOGOTA FAIR AND SEPI).

E) A PROPOSED REVISION OF THE REFINERY AND PETROCHEMICAL PROJECTS CAMPING WILL BE SUBMITTED BY SEPTTEL.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 04 DEC 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BOGOTA10624
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740351-0955
From: BOGOTA
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1974/newtext/t19741262/aaaacbhcltel
Line Count: 161
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: STATE 250447
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 26 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 JUL 2002 by reddocgw>; APPROVED <13 FEB 2003 by izenbei0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CCP REVIEW - COLOMBIA
TAGS: BEXP, CO
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005